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Ms. Kelly Hammerle, Chief
National Oil and Gas Leasing Program Development and Coordination Branch, Leasing
Division, Office of Strategic Resources
Bureau of Ocean Energy Management (VAM-LD)
U.S. Department of the Interior
45600 Woodland Road
Sterling, VA 20166-9216

Subject: Comments for the 2019–2024 Draft Proposed Outer Continental Shelf Oil and Gas Leasing Program

Via Federal Rulemaking Portal: <http://www.regulations.gov>. (Docket ID: BOEM-2017-0074)

Dear Ms. Hammerle:

BP Exploration & Production Inc. (BP) appreciates the opportunity to provide comments to the U.S. Department of Interior, Bureau of Ocean Energy Management (BOEM), on the 2019–2024 Draft Proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program (DPP).

BP welcomes this administration's commitment to "enhancing opportunities for energy exploration, leasing and development of the OCS" and highlighting the benefits for the United States from sustaining and increasing investment in the OCS.

As one of the leading investors in the Gulf of Mexico, BP is focused on safely and efficiently producing oil and natural gas from the OCS, making this leasing plan significant to BP. In 2017 BP produced ca. 305,000 barrels of oil equivalent per day from its Gulf of Mexico operations. In addition, BP and its partners have approved the Mad Dog Phase 2 development plan which includes a new semisubmersible floating production platform with the capacity to produce up to 140,000 b/d of crude oil from 14 production wells. Production is expected to begin in late 2021.

In addition to BP's previous comments provided in response to BOEM's Request for Information, BP submits the following comments for consideration as the agency develops the OCS Oil and Gas Leasing Program (5-Year Plan).

Additional OCS Planning Areas

BP is encouraged by BOEM's decision to keep 25 of the 26 OCS Planning Areas in the DPP and allow each of these areas to receive the full benefit of the evaluation process. BP continues to support maintaining access to the currently available planning areas in the 5-Year Plan, and opening access to additional OCS planning areas that show potential for future exploration

and development. In particular, BP is encouraged by the exploration potential in the Atlantic OCS Planning Areas, and the Beaufort Planning Area in Alaska.

Granting access to new Planning Areas is an important step to encourage new discoveries and developments in the OCS, but it must also be linked with access to quality seismic data to fully achieve the Nation's energy agenda. Access to quality seismic data is a vital component that allows the industry to appropriately allocate scarce resources across a competitive global opportunity set. It will also enable geoscientists and engineers to generate updated resource assessments of the oil and gas potential of the OCS. This will help focus further exploration activity in the most prospective areas and down-grade/eliminate other areas, thus reducing overall cost and environmental impacts of an offshore leasing program. Therefore, BP fully supports improving and modernizing the current geological and geophysical data set in prospective areas of the Atlantic OCS ahead of future lease sales.

Royalty and Leasing Flexibility

BP believes there are additional steps that BOEM can take to support this administration's agenda of increasing exploration and production in the Gulf of Mexico. BP believes BOEM should also provide lease and royalty flexibility in consideration of the economic and technological challenges faced in the OCS, as outlined in BP's comment letter during the Request for Information comment period in 2017. The royalty rates for deep water leases should be rebased to 12.5%, aligning them with the federal leases onshore and in the shallow waters of the Shelf.

In addition, BP strongly encourages BOEM to use its discretionary authority to create "win-win" royalty relief structures for marginally economic fields. BP also recommends returning to the 10-year primary license terms for all deepwater leases and granting longer lease extensions when the development of support technology is necessary to efficiently and commercially produce oil and gas from discovered high-pressure/high-temperature fields.

Conclusion

BP appreciates BOEM's efforts to expand access in the Outer Continental Shelf and increase investment in the United States. Thank you for considering our comments.

Please feel free to contact me or David Randall (david.randall@bp.com) if you have any questions.

Sincerely,



Starlee Sykes

cc: Walter Cruickshank - BOEM Acting Director